


2011 REGULAR SESSION
ACTUARIAL NOTE HB 393

House Bill 393 HLS 11RS-816 Original Author: Representative Mickey James Guillory Date: April 25, 2011 LLA Note HB 393.01 Organizations Affected: Louisiana School Employees' Retirement System, State Police Pension and Retirement System, Parochial Employees' Retirement System OR NO IMPACT APV	The Note was prepared by the Actuarial Services Department of the Office of the Legislative Auditor.  Paul T. Richmond, ASA, MAAA, EA Manager Actuarial Services
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Bill Header: RETIREMENT SYSTEMS: Relative to the La. School Employees' Retirement System (LSERS), the State Police Pension and Retirement System (LSPRS), and the Parochial Employees' Retirement System (PERS), provides for compliance with applicable federal tax qualification requirements

Cost Summary:

Actuarial Cost/(Savings) to Retirement Systems and OGB	\$0
Total Five Year Fiscal Cost	
Expenditures	\$0
Revenues	\$0

Estimated Actuarial Impact:

The chart below shows the estimated increase/(decrease) in the actuarial value of benefits, if any, attributable to the proposed legislation. Note: it includes the present value cost of fiscal costs associated with benefit changes. It does **not** include present value costs associated with administrative or other fiscal concerns.

	<u>Increase (Decrease) in The Actuarial Present Value</u>
<u>Actuarial Cost (Savings) to:</u>	
All Louisiana Public Retirement Systems	\$0
Other Post Retirement Benefits	\$0
Total	\$0

Estimated Fiscal Impact:

The chart below shows the estimated fiscal impact of the proposed legislation. This represents the effect on cash flows for government entities including the retirement systems and the Office of Group Benefits.

EXPENDITURES	2011-12	2012-13	2013-14	2014-15	2015-16	5 Year Total
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Agy Self Generated	0	0	0	0	0	0
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	0	0	0	0	0	0
Annual Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

REVENUES	2011-12	2012-13	2013-14	2014-15	2015-16	5 Year Total
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Agy Self Generated	0	0	0	0	0	0
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	0	0	0	0	0	0
Annual Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

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Bill Information:

Current Law

Current law does not contain all the provisions necessary for LSERS, STPOL, and PERS to retain their qualified statuses under the Internal Revenue Code.

Proposed Law

Proposed law will contain the necessary provisions for qualification by the Internal Revenue Service.

Implications of the Proposed Changes

The technical corrections associated with HB 393 have minimal effect on benefits payable from the plans.

Cost Analysis:

Analysis of Actuarial Costs

Retirement Systems

There is no actuarial cost associated with HB 393.

Other Post Retirement Benefits

There is no actuarial cost associated with HB 393for post-retirement benefits.

Analysis of Fiscal Costs

State Police Pension and Retirement System and Louisiana School Employees’ Retirement System anticipate no additional administrative costs associated with HB 393. Parochial Employees’ Retirement System stated that the costs associated with HB 393 are unknown.

Actuarial Credentials:

Paul T. Richmond is the Manager of Actuarial Services for the Louisiana Legislative Auditor. He is an Enrolled Actuary, a member of the American Academy of Actuaries, a member of the Society of Actuaries and has met the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Dual Referral:

<u>Senate</u>	<u>House</u>
<input type="checkbox"/> 13.5.1 ≥ \$100,000 Annual Fiscal Cost	<input type="checkbox"/> 6.8(F)(1) ≥ \$500,000 Annual Fiscal Cost
<input type="checkbox"/> 13.5.2 ≥ \$500,000 Annual Tax or Fee Change	<input type="checkbox"/> 6.8(F)(2) ≥ \$100,000 Annual SGF Fiscal Cost
	<input type="checkbox"/> 6.8(G) ≥ \$500,000 Annual Tax or Fee Change